

**TESORO**

Tesoro Companies, Inc.  
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15 December 2008

Andrea Holl Pfennig  
Program Administrator, Energy Outreach & Special Programs  
ND Department of Commerce, Division of Community Services  
1600 E Century Ave, Suite 2  
PO Box 2057  
Bismarck, ND 58502-2057


Re: EERC proposal to NDIC/REC: Renewable Oil Refinery Development for Commercialization

Dear Ms. Holl Pfennig:

Tesoro Companies, Inc (with its affiliates "Tesoro") is interested in commercial production of economically viable renewable fuels that are fully fungible with our existing products and distribution networks, do not negatively impact food prices and are environmentally benign. The renewable oil refinery concept described in the subject proposal has the potential to meet these criteria for commercial renewable fuels production. We recently had the opportunity to visit EERC, meet with research and administrative personnel, learn about EERC renewable oil refining technologies, and inspect small-scale refining systems. Based on this visit and prior EERC-Tesoro interactions, Tesoro is committed to working with EERC to evaluate the proposed technologies for integration at our Mandan, North Dakota, petroleum refinery.

Our initial role in the proposed project would be to provide our in-house technical support to EERC and UniField Engineering for optimizing and evaluating EERC refining technologies and designing a 0.5-5-million-gallon-per-year renewable oil refinery that would be fully integrated with Tesoro's existing production and off-take capabilities. Contingent on a positive economic viability assessment, and subject to negotiating mutually acceptable terms for all relevant aspects of the arrangement, Tesoro would be willing to provide a site for, operate, and market products produced by the refinery, and to cooperate with EERC and others to obtain the necessary financing to build the refinery. Please contact me if you have any questions.

Sincerely,

  
Rick Weyen

Vice President, Development - North America